

QV UPDATE

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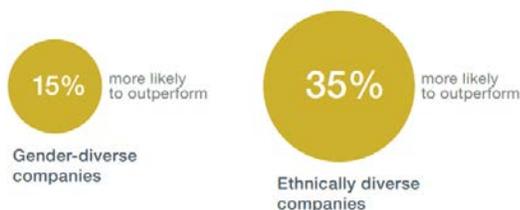
On Diversity

Until as late as the 1970s, the top five orchestras in the U.S. had fewer than 5% women. Then, things started to change – by the 1980s, female representation within these top orchestras had doubled to 10%. By 1997 it was up to 25% and many are well into the 30%+ range today. The source of the change is “blind auditions” that have been the standard since the 1970s. This is where the physical appearance (and gender) of the performer auditioning to be a part of an orchestra is concealed to adjudicators until after the decision has been made. Sometimes, biases don’t become apparent until after they are eliminated.¹

In the corporate world, the push for more diversity among decision makers has been a growing trend as well. Women are well underrepresented on corporate boards and c-suite positions across North America, and the stats for visible minorities are even worse. Studies continue to show that publicly traded companies with greater board diversity tend to outperform over the long-term, largely because greater diversity usually leads to different opinions, which encourages better decision making.²

Diversity's dividend

What's the likelihood that companies in the top quartile for diversity financially outperform those in the bottom quartile?¹



¹Results show likelihood of financial performance above the national industry median. Analysis is based on composite data for all countries in the data set. Results vary by individual country. Source: McKinsey analysis

We try to embrace diversity of opinion at QV whenever possible, recognizing that decisions are perhaps best made in an environment where different opinions can be shared freely. One way that we encourage diversity of opinion is through regular investment committee meetings that include working groups from multiple parts

of the organization. For example, a potential new Canadian investment would be shared and discussed among *all* the members of the investment committee, including those whose primary responsibilities lie in global equities, fixed income or private clients. The Canadian equity team recently brought forth an investment idea, but from the ensuing discussion at the investment committee, it was decided we would not pursue the investment at current price levels.

Another way we encourage diversity of opinion is by fostering a flat organizational structure, wherein all members of a team, regardless of seniority, are encouraged to have a voice. When I joined QV 18 months ago as a research associate, something that jumped out at me in the interview process was being told that a research associate’s job doesn’t stop at the finding, collecting and processing of information. Rather, interpreting and synthesizing information would be just as important, perhaps more so.

The diversity of background and professional experiences is also something that helps us in the decision-making process. This author has what is probably best described as a “standard” background – I’ve lived in Calgary for much of my life, worked in the capital markets for my entire career and graduated from finance from my local university. I’m glad to be a part of an organization that has people that can boast of far more interesting backgrounds than myself. I work with colleagues that have lived around the world, with backgrounds ranging from social works to the culinary arts; roughly a third of our investment committee is comprised of women.

Diversity of opinion and backgrounds have been shown to contribute positively to performance over time, and QV embraces this philosophy well.

1. <https://www.theguardian.com/women-in-leadership/2013/oct/14/blind-auditions-orchestras-gender-bias>

2. <https://www.forbes.com/sites/karstenstrauss/2018/01/25/more-evidence-that-company-diversity-leads-to-better-profits/#76c00e3f1bc72>